

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended March 31, 2007

AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Charter Township of Tallmadge	County Ottawa
Audit Date March 31, 2007	Opinion Date May 18, 2007	Date Accountant Report Submitted to State: June 11, 2007	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|--|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.			
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686	City Bay City	State MI	Zip 48707
Accountant Signature Campbell, Kusterer & Co., PC			

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

May 18, 2007

To the Township Board
Charter Township of Tallmadge
Ottawa County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Charter Township of Tallmadge, Ottawa County, Michigan as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Charter Township of Tallmadge's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Charter Township of Tallmadge, Ottawa County, Michigan as of March 31, 2007, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2007

The Management's Discussion and Analysis report of the Charter Township of Tallmadge covers the Township's financial performance during the year ended March 31, 2007.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net assets at March 31, 2007, totaled \$2,648,101.88 for governmental activities. Overall total capital asset additions were \$285,122.32.

Overall revenues were \$1,730,255.35 from governmental activities. Governmental activities had a \$188,171.58 increase in net assets.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Township are reported as governmental activities. This includes the General Fund, the Special Revenue Funds, the Debt Service Funds, the Capital Projects Funds, the Current Tax Collection Fund and the Agency Fund.

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2007

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The Township has the following types of funds:

Governmental funds: All of the Township's activities are included in the governmental category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental activities include the General Fund, the Special Revenue Funds, the Debt Service Funds and the Capital Projects Funds.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

During the year we spent \$271,251.26 to improve the sewer systems. We purchased \$13,871.06 in other capital assets.

Our cash position in the governmental activities remain strong.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for most of the Township's governmental services with total expenditures of \$506,644.42.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities invested \$285,122.32 in capital assets.

The Township's governmental activities paid \$461,292.13 of principal on long-term debt.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is very clouded and it represents a significant portion of our income. We continue to grow in taxable values with little demand for infrastructure, except good roads and water, where available.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Townships finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township Clerk or Township Treasurer at 616-677-1248.

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2007

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank and investments	1 759 933 74
Taxes receivable	29 326 53
Special assessments receivable	<u>860 495 70</u>
Total Current Assets	<u>2 649 815 97</u>
NON-CURRENT ASSETS:	
Capital Assets	9 827 317 65
Less: Accumulated Depreciation	<u>(4 745 083 23)</u>
Total Non-current Assets	<u>5 082 234 42</u>
TOTAL ASSETS	<u>7 732 050 39</u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	2 276 87
Deferred revenue	<u>853 409 61</u>
Total Current Liabilities	<u>855 686 48</u>
NON-CURRENT LIABILITIES:	
Bonds payable	<u>4 228 262 03</u>
Total Non-current Liabilities	<u>4 228 262 03</u>
Total Liabilities	<u>5 083 948 51</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	853 972 39
Reserved for debt retirement	708 792 53
Unrestricted	<u>1 085 336 96</u>
Total Net Assets	<u>2 648 101 88</u>
TOTAL LIABILITIES AND NET ASSETS	<u>7 732 050 39</u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2007

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Governmental Activities</u>
		<u>Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
FUNCTIONS/PROGRAMS			
Governmental Activities:			
Legislative	92 444 06	-	(92 444 06)
General government	266 407 12	169 269 36	(97 137 76)
Public safety	366 936 27	185 915 96	(181 020 31)
Public works	577 268 35	190 986 61	(386 281 74)
Culture and recreation	10 504 78	-	(10 504 78)
Other	37 588 10	-	(37 588 10)
Interest on long-term debt	190 935 09	153 216 52	(37 718 57)
Total Governmental Activities	<u>1 542 083 77</u>	<u>699 388 45</u>	<u>(842 695 32)</u>
General Revenues:			
Property taxes			455 933 70
State revenue sharing			476 699 88
Interest			81 183 44
Miscellaneous			<u>17 049 88</u>
Total General Revenues			<u>1 030 866 90</u>
Change in net assets			188 171 58
Net assets, beginning of year			<u>2 459 930 30</u>
Net Assets, End of Year			<u>2 648 101 88</u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
Year ended March 31, 2007

	<u>General</u>	<u>Fire Operating</u>	<u>Fire Capital Improvement</u>	<u>1998 S.A. Debt Retirement</u>	<u>1999 S.A. Debt Retirement</u>
<u>Assets</u>					
Cash in bank and investments	432 704 94	186 160 19	420 999 68	263 094 55	247 190 65
Taxes receivable	17 651 81	8 619 26	3 055 46	-	-
Special assessments receivable	50 962 54	-	-	278 441 83	198 622 11
Due from other funds	<u>15 593 57</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>516 912 86</u>	<u>194 779 45</u>	<u>424 055 14</u>	<u>541 536 38</u>	<u>445 812 76</u>
<u>Liabilities and Fund Equity</u>					
Liabilities:					
Accounts payable	2 276 87	-	-	-	-
Deferred revenue	<u>50 962 54</u>	<u>-</u>	<u>-</u>	<u>272 907 94</u>	<u>197 955 55</u>
Total liabilities	<u>53 239 41</u>	<u>-</u>	<u>-</u>	<u>272 907 94</u>	<u>197 955 55</u>
Fund equity:					
Fund balances:					
Reserved for debt retirement	-	-	-	268 628 44	247 857 21
Unreserved:					
Undesignated	<u>463 673 45</u>	<u>194 779 45</u>	<u>424 055 14</u>	<u>-</u>	<u>-</u>
Total fund equity	<u>463 673 45</u>	<u>194 779 45</u>	<u>424 055 14</u>	<u>268 628 44</u>	<u>247 857 21</u>
Total liabilities and Fund Equity	<u>516 912 86</u>	<u>194 779 45</u>	<u>424 055 14</u>	<u>541 536 38</u>	<u>445 812 76</u>

The accompanying notes are an integral part of these financial statements.

<u>2001 S.A Debt Retirement</u>	<u>2006 Construction</u>	<u>Other Funds</u>	<u>Total</u>
190 777 20	2 828 92	644 04	1 744 400 17
-	-	-	29 326 53
332 469 22	-	-	860 495 70
-	-	-	15 593 57
<u>523 246 42</u>	<u>2 828 92</u>	<u>644 04</u>	<u>2 649 815 97</u>
-	-	-	2 276 87
<u>331 583 58</u>	<u>-</u>	<u>-</u>	<u>853 409 61</u>
<u>331 583 58</u>	<u>-</u>	<u>-</u>	<u>855 686 48</u>
191 662 84	-	644 04	708 792 53
-	2 828 92	-	1 085 336 96
<u>191 662 84</u>	<u>2 828 92</u>	<u>644 04</u>	<u>1 794 129 49</u>
<u>523 246 42</u>	<u>2 828 92</u>	<u>644 04</u>	<u>2 649 815 97</u>

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

March 31, 2007

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	1 794 129 49
Amounts reported for governmental activities in the statement of net assets are different because –	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet:	
Capital assets at cost	9 827 317 65
Accumulated depreciation	(4 745 083 23)
Long-term debt liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:	
Bonds payable	<u>(4 228 262 03)</u>
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u>2 648 101 88</u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
GOVERNMENTAL FUNDS
Year ended March 31, 2007

	<u>General</u>	<u>Fire Operating</u>	<u>Fire Capital Improvement</u>	<u>1998 S.A. Debt Retirement</u>	<u>1999 S.A. Debt Retirement</u>
Revenues:					
Property taxes	228 908 66	167 608 02	59 417 02	-	-
Licenses and permits	110 341 77	-	-	-	-
State revenue sharing	476 699 88	-	-	-	-
Charges for services:					
Property tax administration	64 134 13	-	-	-	-
Fire protection	-	60 000 00	57 939 76	-	-
Other	32 723 72	-	-	-	-
Interest	33 766 68	1 879 16	10 952 71	10 230 52	9 954 68
Rent	5 015 00	-	-	-	-
Special assessments	25 030 94	-	-	54 245 49	42 718 28
Miscellaneous	11 058 47	5 991 41	-	-	-
Total revenues	<u>987 679 25</u>	<u>235 478 59</u>	<u>128 309 49</u>	<u>64 476 01</u>	<u>52 672 96</u>
Expenditures:					
Legislative:					
Township Board	92 444 06	-	-	-	-
General government:					
Supervisor	22 882 13	-	-	-	-
Elections	6 938 16	-	-	-	-
Assessor	22 074 93	-	-	-	-
Professional fees	84 364 03	-	-	-	-
Clerk	25 576 39	-	-	-	-
Board of Review	900 00	-	-	-	-
Treasurer	25 762 16	-	-	-	-
Building and grounds	47 399 44	-	-	-	-
Cemetery	5 316 18	-	-	-	-
Public safety:					
Fire protection	-	169 730 10	18 917 70	-	-
Police protection	27 654 03	-	-	-	-
Planning and zoning	16 481 99	-	-	-	-
Building inspection	34 152 45	-	-	-	-
Public works:					
Highways and streets	4 834 00	-	-	-	-
Street lights	11 299 95	-	-	-	-
Drains	4 953 36	-	-	-	-
Sewer	6 193 62	-	-	-	-
Hydrants rental	11 904 00	-	-	-	-
Culture and recreation:					
Parks and recreation	10 504 78	-	-	-	-
Other functions:					
Insurance	18 946 13	-	-	-	-
Payroll taxes	10 413 23	-	-	-	-
Pension	8 228 74	-	-	-	-
Capital outlay	7 420 66	-	6 450 40	-	-
Debt service	-	-	-	88 196 25	80 318 75
Total expenditures	<u>506 644 42</u>	<u>169 790 10</u>	<u>25 368 10</u>	<u>88 196 25</u>	<u>80 318 75</u>

The accompanying notes are an integral part of these financial statements.

<u>2001 S.A Debt Retirement</u>	<u>2006 Bond Construction</u>	<u>Other Funds</u>	<u>Total</u>
-	-	-	455 933 70
-	-	-	110 341 77
-	-	-	476 699 88
-	-	-	64 134 13
-	-	-	117 939 76
-	190 986 61	-	223 710 33
8 872 00	5 527 69	-	81 183 44
-	-	-	5 015 00
56 252 75	-	-	178 247 46
-	-	-	17 049 88
<u>65 124 75</u>	<u>196 514 30</u>	<u>-</u>	<u>1 730 255 35</u>
-	-	-	92 444 06
-	-	-	22 882 13
-	-	-	6 938 16
-	-	-	22 074 93
-	-	-	84 364 03
-	-	-	25 576 39
-	-	-	900 00
-	-	-	25 762 16
-	-	-	47 399 44
-	-	-	5 316 18
-	-	-	188 647 80
-	-	-	27 654 03
-	-	-	16 481 99
-	-	-	34 152 45
-	-	-	4 834 00
-	-	-	11 299 95
-	-	-	4 953 36
-	-	-	6 193 62
-	-	-	11 904 00
-	-	-	10 504 78
-	-	-	18 946 13
-	-	-	10 413 23
-	-	-	8 228 74
-	271 251 26	-	285 122 32
<u>78 072 50</u>	<u>100 905 97</u>	<u>304 733 75</u>	<u>652 227 22</u>
<u>78 072 50</u>	<u>372 157 23</u>	<u>304 733 75</u>	<u>1 625 221 10</u>

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
GOVERNMENTAL FUNDS
Year ended March 31, 2007

	<u>General</u>	<u>Fire Operating</u>	<u>Fire Capital Improvement</u>	<u>1998 S.A. Debt Retirement</u>	<u>1999 S.A. Debt Retirement</u>
Excess (deficiency) of revenues over expenditures	<u>481 034 83</u>	<u>65 748 49</u>	<u>102 941 39</u>	<u>(23 720 24)</u>	<u>(27 645 79)</u>
Other financing sources (uses):					
Operating transfers in	-	112 000 00	7 000 00	-	-
Operating transfers out	<u>(517 533 62)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(517 533 62)</u>	<u>112 000 00</u>	<u>7 000 00</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revues and other sources over expenditures and other uses	(36 498 79)	177 748 49	109 941 39	(23 720 24)	(27 645 79)
Fund balances, April 1	<u>500 172 24</u>	<u>17 030 96</u>	<u>314 113 75</u>	<u>292 348 68</u>	<u>275 503 00</u>
Fund Balances, March 31	<u><u>463 673 45</u></u>	<u><u>194 779 45</u></u>	<u><u>424 055 14</u></u>	<u><u>268 628 44</u></u>	<u><u>247 857 21</u></u>

The accompanying notes are an integral part of these financial statements.

<u>2001 S.A Debt Retirement</u>	<u>2006 Bond Construction</u>	<u>Other Funds</u>	<u>Total</u>
<u>(12 947 75)</u>	<u>(175 642 93)</u>	<u>(304 733 75)</u>	<u>105 034 25</u>
-	94 399 87	304 133 75	517 533 62
-	-	-	<u>(517 533 62)</u>
<u>-</u>	<u>94 399 87</u>	<u>304 133 75</u>	<u>-</u>
(12 947 75)	(81 243 06)	(600 00)	105 034 25
<u>204 610 59</u>	<u>84 071 98</u>	<u>1 244 04</u>	<u>1 689 095 24</u>
<u>191 662 84</u>	<u>2 828 92</u>	<u>644 04</u>	<u>1 794 129 49</u>

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year ended March 31, 2007

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS 105 034 25

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities,
these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense	(663 277 12)
Capital Outlay	285 122 32

Repayment of debt principal is an expenditure in the governmental funds, the
repayment does not have an effect in the statement of activities but does
reduce the debt balance in the statement of net assets.

Principal payments on long-term debt	<u>461 292 13</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>188 171 58</u></u>
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The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Charter Township of Tallmadge, Ottawa County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Charter Township of Tallmadge. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Funds

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Debt Service Funds

These funds are used to record the funding and payment of principal and interest on long-term debt.

Capital Projects Funds

These funds are used to account for the acquisition or construction of major capital facilities other than those financed by proprietary fund operations and special assessments.

Fiduciary Funds

The Current Tax Collection Fund and Agency Fund are used to account for assets held as an agent for others.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 1 – Summary of Significant Accounting Policies (continued)

Property Taxes (continued)

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2006 tax roll millage rate was 1.9042 mills, and the taxable value was \$221,045,183.00.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$500.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, additions and improvements	10-40 years
Furniture, vehicles and equipment	4-25 years

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 2 – Budgets and Budgetary Accounting – (continued)

5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated three banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>1 761 204 74</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	302 095 50
Uninsured and Uncollateralized	<u>1 463 960 95</u>
Total Deposits	<u>1 766 056 45</u>

The Township did not have any investments as of March 31, 2007.

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 4 – Capital Assets

Capital asset activity of the Township's Governmental activities for the current year was as follows:

	Balance 4/1/06	Additions	Deletions	Balance 3/31/07
Governmental Activities:				
Land and improvements	487 043 35	-	-	487 043 35
Buildings	278 910 00	-	-	278 910 00
Vehicles and equipment	802 060 83	13 871 06	(5 883 00)	810 048 89
Infrastructure funded by bonds	<u>7 980 064 15</u>	<u>271 251 26</u>	<u>-</u>	<u>8 251 315 41</u>
Total	9 548 078 33	285 122 32	(5 883 00)	9 827 317 65
Accumulated Depreciation	<u>(4 087 689 11)</u>	<u>(663 277 12)</u>	<u>5 883 00</u>	<u>(4 745 083 23)</u>
Net Capital Assets	<u>5 460 389 22</u>	<u>(378 154 80)</u>	<u>-</u>	<u>5 082 234 42</u>

Note 5 – Pension Plan

The Charter Township has a defined contribution pension plan covering all full time employees of the Township. Under the plan, the Township contributes amounts based on the employees' annual earnings. The net pension expense for the fiscal year ended March 31, 2007, was \$8,228.74.

Note 6 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 7 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 8 – Building Permits

As of March 31, 2007, the Township had building permit revenues of \$67,976.20 and building permit expenses of \$34,152.45.

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 9 – Changes in Long-Term Debt

A summary in changes in long-term debt follows:

	Balance 4/1/06	Additions	Deductions	Balance 3/31/07
1998 Special Assessment Bonds	520 000 00	-	65 000 00	455 000 00
1998 General Obligation Bonds	170 000 00	-	55 000 00	115 000 00
1999 Special Assessment Bonds	495 000 00	-	55 000 00	440 000 00
1999 General Obligation Bonds	780 000 00	-	70 000 00	710 000 00
2001 Special Assessment Bonds	590 000 00	-	55 000 00	535 000 00
2001 General Obligation Bonds	1 205 000 00	-	85 000 00	1 120 000 00
2007 Sewer Loan Payable Ottawa County	929 554 16	-	76 292 13	853 262 03
Totals	<u>4 689 554 16</u>	<u>-</u>	<u>461 292 13</u>	<u>4 228 262 03</u>

Note 10 – 1998 Special Assessment Bonds

On March 1, 1998, the Township issued \$985,000.00 in bonds for the purpose of funding water and sewer line extensions. The bonds will be repaid through special assessments. As of March 31, 2007, \$465,000.00 of the bonds remained outstanding. The following is a schedule of the outstanding principal and interest on the bonds.

Due Date	Interest Rate	Principal	Interest
7-1-07	4.5%	65 000 00	10 725 00
1-1-08	-	-	9 262 50
7-1-08	4.6%	65 000 00	9 262 50
1-1-09	-	-	7 767 50
7-1-09	4.7%	65 000 00	7 767 50
1-1-10	-	-	6 240 00
7-1-10	4.75%	65 000 00	6 240 00
1-1-11	-	-	4 696 25
7-1-11	4.8%	65 000 00	4 696 25
1-1-12	-	-	3 136 25
7-1-12	4.8%	65 000 00	3 136 25
1-1-13	-	-	1 576 25
7-1-13	4.85%	65 000 00	1 576 25
Total		<u>465 000 00</u>	<u>76 082 50</u>

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 11 – 1998 General Obligation Bonds

On March 1, 1998, the Township issued \$475,000.00 in bonds for the purpose of funding water and sewer line extensions. As of March 31, 2007, \$115,000.00 of the bonds remained outstanding. The following is a schedule of the outstanding principal and interest on the bonds.

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>
7-1-07	4.5%	55 000 00	2 617 50
1-1-08	-	-	1 380 00
7-1-08	4.6%	<u>60 000 00</u>	<u>1 380 00</u>
Total		<u>115 000 00</u>	<u>5 377 50</u>

Note 12 – 1999 Special Assessment Bonds

On October 1, 1999, the Township issued \$755,000.00 in bonds for the purpose of funding water, sewer and road improvements. The bonds will be repaid through special assessments. As of March 31, 2007, \$440,000.00 of the bonds remained outstanding. The following is a schedule of the outstanding principal and interest on the bonds.

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>
7-1-07	5.15%	55 000 00	11 801 25
1-1-08	-	-	10 385 00
7-1-08	5.15%	50 000 00	10 385 00
1-1-09	-	-	9 097 50
7-1-09	5.15%	50 000 00	9 097 50
1-1-10	-	-	7 810 00
7-1-10	5.25%	50 000 00	7 810 00
1-1-11	-	-	6 497 50
7-1-11	5.35%	50 000 00	6 497 50
1-1-12	-	-	5 160 00
7-1-12	5.45%	50 000 00	5 160 00
1-1-13	-	-	3 797 50
7-1-13	5.55%	50 000 00	3 797 50
1-1-14	-	-	2 410 00
7-1-14	5.65%	50 000 00	2 410 00
1-1-15	-	-	997 50
7-1-15	5.7%	<u>35 000 00</u>	<u>997 50</u>
Total		<u>440 000 00</u>	<u>104 111 25</u>

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 13 – 1999 General Obligation Bonds

On October 1, 1999, the Township issued \$1,135,000.00 in bonds for the purpose of funding water, sewer and road improvements. As of March 31, 2007, \$710,000.00 of the bonds remained outstanding. The following is a schedule of the outstanding principal and interest on the bonds.

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>
7-1-07	5.15%	75 000 00	19 020 00
1-1-08	-	-	17 088 75
7-1-08	5.15%	80 000 00	17 088 75
1-1-09	-	-	15 028 75
7-1-09	5.15%	80 000 00	15 028 75
1-1-10	-	-	12 968 75
7-1-10	5.25%	85 000 00	12 968 75
1-1-11	-	-	10 737 50
7-1-11	5.35%	90 000 00	10 737 50
1-1-12	-	-	8 330 00
7-1-12	5.45%	95 000 00	8 330 00
1-1-13	-	-	5 741 25
7-1-13	5.55%	100 000 00	5 741 25
1-1-14	-	-	2 966 25
7-1-14	5.56%	105 000 00	2 966 25
Total		<u>710 000 00</u>	<u>164 742 50</u>

Note 14 – 2001 Special Assessment Bonds

On October 1, 2001, the Township issued \$775,000.00 in bonds for the purpose of funding water, sewer and road improvements. The bonds will be repaid through special assessments. As of March 31, 2007, \$535,000.00 of the bonds remained outstanding. The following is a schedule of the outstanding principal and interest on the bonds.

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>
7-1-07	3.35%	55 000 00	10 586 25
1-1-08	-	-	9 665 00
7-1-08	3.35%	55 000 00	9 665 00
1-1-09	-	-	8 688 75
7-1-09	3.70%	55 000 00	8 688 75
1-1-10	-	-	7 671 25
7-1-10	3.80%	50 000 00	7 671 25
1-1-11	-	-	6 721 25
7-1-11	3.90%	55 000 00	6 721 25
1-1-12	-	-	5 648 75
7-1-12	4.00%	55 000 00	5 648 75
1-1-13	-	-	4 548 75
7-1-13	4.15%	55 000 00	4 548 75
1-1-14	-	-	3 407 50

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 14 – 2001 Special Assessment Bonds – (continued)

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>
7-1-14	4.30%	55 000 00	3 407 50
1-1-15	-	-	2 225 00
7-1-15	4.40%	50 000 00	2 225 00
1-1-16	-	-	1 125 00
7-1-16	4.50%	<u>50 000 00</u>	<u>1 125 00</u>
Total		<u>535 000 00</u>	<u>109 988 75</u>

Note 15 – 2001 General Obligation Bonds

On October 1, 2001, the Township issued \$1,515,000.00 in bonds for the purpose of funding water, sewer and road improvements. As of March 31, 2007, \$1,120,000.00 of the bonds remained outstanding. The following is a schedule of the outstanding principal and interest on the bonds.

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>
7-1-07	3.35%	85 000 00	22 516 25
1-1-08	-	-	21 092 50
7-1-08	3.55%	90 000 00	21 092 50
1-1-09	-	-	19 495 00
7-1-09	3.70%	95 000 00	19 495 00
1-1-10	-	-	17 737 50
7-1-10	3.80%	105 000 00	17 737 50
1-1-11	-	-	15 742 50
7-1-11	3.90%	110 000 00	15 742 50
1-1-12	-	-	13 597 50
7-1-12	4.00%	115 000 00	13 597 50
1-1-13	-	-	11 297 50
7-1-13	4.15%	120 000 00	11 297 50
1-1-14	-	-	8 807 50
7-1-14	4.30%	125 000 00	8 807 50
1-1-15	-	-	6 120 00
7-1-15	4.40%	135 000 00	6 120 00
1-1-16	-	-	3 150 00
7-1-16	4.50%	<u>140 000 00</u>	<u>3 150 00</u>
Total		<u>1 120 000 00</u>	<u>256 596 25</u>

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

Note 16 – 2007 Sewer Loan Payable – Ottawa County

On December 15, 2005, the Township obtained a loan in the amount of \$950,000.00 from Ottawa County for the purpose of making improvements to the Sewer System. The loan is repayable in 120 monthly payments of \$9,173.27 including interest at the rate of 3.0% per annum. As of March 31, 2007, \$853,262.03 of principal remained outstanding.

Note 17 – Transfers In and Transfers Out

For the fiscal year ended March 31, 2007, the Township made the following interfund transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Fund</u>	<u>Transfers Out</u>
Fire Capital Improvement	7 000 00	General	7 000 00
1998 G.O. Debt Retirement	61 708 75	General	61 708 75
1999 G.O. Debt Retirement	109 842 50	General	109 842 50
Fire Operating	112 000 00	General	112 000 00
2001 G.O. Debt Retirement	132 582 50	General	132 582 50
2006 Construction	<u>94 399 87</u>	General	<u>94 399 87</u>
Total	<u>517 533 62</u>	Total	<u>517 533 62</u>

Note 18 – Due To and Due From

As of March 31, 2007, the Township had the following interfund balances:

<u>Fund</u>	<u>Due To</u>	<u>Fund</u>	<u>Due From</u>
General	<u>15 593 57</u>	Current Tax Collection	<u>15 593 57</u>
Total	<u>15 593 57</u>	Total	<u>15 593 57</u>

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended March 31, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	241 500 00	241 500 00	228 908 66	(12 591 34)
Licenses and permits	105 000 00	105 000 00	110 341 77	5 341 77
State revenue sharing	475 000 00	475 000 00	476 699 88	1 699 88
Charges for services:				
Property tax administration	62 000 00	62 000 00	64 134 13	2 134 13
Other	11 000 00	11 000 00	32 723 72	21 723 72
Interest	5 500 00	5 500 00	33 766 68	28 266 68
Rent	5 000 00	5 000 00	5 015 00	15 00
Special assessments	19 075 00	19 075 00	25 030 94	5 955 94
Miscellaneous	5 100 00	7 100 00	11 058 47	3 958 47
Total revenues	<u>929 175 00</u>	<u>931 175 00</u>	<u>987 679 25</u>	<u>56 504 25</u>
Expenditures:				
Legislative:				
Township Board	104 525 00	115 860 00	92 444 06	(23 405 94)
General government:				
Supervisor	25 360 00	25 350 00	22 882 13	(2 477 87)
Elections	9 000 00	9 700 00	6 938 16	(2 761 84)
Assessor	22 200 00	22 250 00	22 074 93	(175 07)
Professional fees	96 000 00	97 000 00	84 364 03	(12 635 97)
Clerk	32 900 00	32 900 00	25 576 39	(7 323 61)
Board of Review	1 000 00	1 000 00	900 00	(100 00)
Treasurer	30 690 00	30 690 00	25 762 16	(4 927 84)
Building and grounds	46 000 00	49 245 00	47 399 44	(1 845 56)
Cemetery	3 500 00	5 500 00	5 316 18	(183 82)
Public safety:				
Police protection	31 000 00	31 000 00	27 654 03	(3 345 97)
Planning and zoning	30 500 00	30 500 00	16 481 99	(14 018 01)
Building inspection	37 000 00	39 000 00	34 152 45	(4 847 55)
Public works:				
Highways and streets	160 244 00	160 244 00	4 834 00	(155 410 00)
Street lights	11 000 00	11 300 00	11 299 95	(05)
Drains	3 000 00	5 000 00	4 953 36	(46 64)
Sewer	1 000 00	6 200 00	6 193 62	(6 38)
Hydrant rental	12 500 00	12 500 00	11 904 00	(596 00)
Culture and recreation:				
Parks and recreation	12 000 00	12 000 00	10 504 78	(1 495 22)
Other functions:				
Insurance	19 500 00	19 500 00	18 946 13	(553 87)
Payroll taxes	12 000 00	15 300 00	10 413 23	(4 886 77)
Pension	10 000 00	10 000 00	8 228 74	(1 771 26)
Capital outlay	8 000 00	8 000 00	7 420 66	(579 34)
Contingency	80 000 00	80 000 00	-	(80 000 00)
Total expenditures	<u>798 919 00</u>	<u>830 039 00</u>	<u>506 644 42</u>	<u>(323 394 58)</u>
Excess (deficiency) of revenues over expenditures	<u>130 256 00</u>	<u>101 136 00</u>	<u>481 034 83</u>	<u>379 898 83</u>

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended March 31, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	<u>(422 885 00)</u>	<u>(422 885 00)</u>	<u>(517 533 62)</u>	<u>(94 648 62)</u>
Total other financing sources (uses)	<u>(422 885 00)</u>	<u>(422 885 00)</u>	<u>(517 533 62)</u>	<u>(94 648 62)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(292 629 00)	(321 749 00)	(36 498 79)	285 250 21
Fund balance, April 1	<u>398 896 00</u>	<u>398 896 00</u>	<u>500 172 24</u>	<u>101 276 24</u>
Fund Balance, March 31	<u>106 267 00</u>	<u>77 147 00</u>	<u>463 673 45</u>	<u>386 526 45</u>

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

BUDGETARY COMPARISON SCHEDULE – FIRE OPERATING FUND
Year ended March 31, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	-	-	167 608 02	167 608 02
Charges for services:				
Fire protection	60 000 00	60 000 00	60 000 00	-
Interest	600 00	600 00	1 879 16	1 279 16
Miscellaneous	<u>6 100 00</u>	<u>6 100 00</u>	<u>5 991 41</u>	<u>(108 59)</u>
Total revenues	<u>66 700 00</u>	<u>66 700 00</u>	<u>235 478 59</u>	<u>168 778 59</u>
Expenditures:				
Public safety:				
Fire protection	<u>195 639 00</u>	<u>203 487 00</u>	<u>169 730 10</u>	<u>(33 758 90)</u>
Total expenditures	<u>195 639 00</u>	<u>203 489 00</u>	<u>169 730 10</u>	<u>(33 758 90)</u>
Excess (deficiency) of revenues over expenditures	<u>(128 939 00)</u>	<u>(136 789 00)</u>	<u>65 748 49</u>	<u>202 537 49</u>
Other financing sources (uses):				
Operating transfers in	112 000 00	112 000 00	112 000 00	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>112 000 00</u>	<u>112 000 00</u>	<u>112 000 00</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other use	<u>(16 939 00)</u>	<u>(24 789 00)</u>	<u>177 748 49</u>	<u>202 537 49</u>
Fund balance, April 1	<u>61 106 00</u>	<u>61 106 00</u>	<u>17 030 96</u>	<u>(44 075 04)</u>
Fund Balance, March 31	<u>44 167 00</u>	<u>36 317 00</u>	<u>194 779 45</u>	<u>158 462 45</u>

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

BUDGETARY COMPARISON SCHEDULE – FIRE CAPITAL IMPROVEMENT FUND
Year ended March 31, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	59 000 00	59 000 00	59 417 02	417 02
Charges for services:				
Fire protection	66 000 00	66 000 00	57 939 76	(8 060 24)
Interest	<u>3 400 00</u>	<u>3 400 00</u>	<u>10 952 71</u>	<u>7 552 71</u>
Total revenues	<u>128 400 00</u>	<u>128 400 00</u>	<u>128 309 49</u>	<u>(90 51)</u>
Expenditures:				
Public safety:				
Fire protection	432 894 00	432 894 00	18 917 70	(413 976 30)
Capital outlay	<u>8 000 00</u>	<u>8 000 00</u>	<u>6 450 40</u>	<u>(1 549 60)</u>
Total expenditures	<u>440 894 00</u>	<u>440 894 00</u>	<u>25 368 10</u>	<u>(415 525 90)</u>
Excess (deficiency) of revenues over expenditures	<u>(312 494 00)</u>	<u>(312 494 00)</u>	<u>102 941 39</u>	<u>415 435 39</u>
Other financing sources (uses):				
Operating transfers in	7 000 00	7 000 00	7 000 00	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>7 000 00</u>	<u>7 000 00</u>	<u>7 000 00</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(305 494 00)</u>	<u>(305 494 00)</u>	<u>109 941 39</u>	<u>415 435 39</u>
Fund balance, April 1	<u>305 494 00</u>	<u>305 494 00</u>	<u>314 113 75</u>	<u>8 619 75</u>
Fund Balance, March 31	<u>-</u>	<u>-</u>	<u>424 055 14</u>	<u>424 055 14</u>

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

COMBINING BALANCE SHEET – ALL SPECIAL REVENUE FUNDS
March 31, 2007

	<u>Fire Operating</u>	<u>Fire Capital Improvement</u>	<u>Total</u>
<u>Assets</u>			
Cash in bank and investments	186 160 19	420 999 68	607 159 87
Taxes receivable	<u>8 619 26</u>	<u>3 055 46</u>	<u>11 674 72</u>
Total Assets	<u><u>194 779 45</u></u>	<u><u>424 055 14</u></u>	<u><u>618 834 59</u></u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Unreserved:			
Undesignated	<u>194 779 45</u>	<u>424 055 14</u>	<u>618 834 59</u>
Total fund balances	<u><u>194 779 45</u></u>	<u><u>424 055 14</u></u>	<u><u>618 834 59</u></u>
Total Liabilities and Fund Balances	<u><u>194 779 45</u></u>	<u><u>424 055 14</u></u>	<u><u>618 834 59</u></u>

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – ALL SPECIAL REVENUE FUNDS
Year ended March 31, 2007

	<u>Fire Operating</u>	<u>Fire Capital Improvement</u>	<u>Total</u>
Revenues:			
Property taxes	167 608 02	59 417 02	227 025 04
Charges for services:			
Fire protection	60 000 00	57 939 76	117 939 76
Interest	1 879 16	10 952 71	12 831 87
Miscellaneous	<u>5 991 41</u>	<u>-</u>	<u>5 991 41</u>
Total revenues	<u>235 478 59</u>	<u>128 309 49</u>	<u>363 788 08</u>
Expenditures:			
Fire protection:			
Salaries and wages	104 888 00	-	104 888 00
Payroll taxes	8 117 69	-	8 117 69
Pension	9 502 12	-	9 502 12
Operating supplies	7 184 30	7 973 02	15 157 32
Repairs and maintenance			
supplies	922 86	-	922 86
Professional services	1 212 03	-	1 212 03
Communications	924 73	-	924 73
Insurance	32 288 00	-	32 288 00
Repairs and maintenance	4 690 37	5 295 51	9 985 88
Education	-	3 034 00	3 034 00
Miscellaneous	-	2 615 17	2 615 17
Capital outlay	<u>-</u>	<u>6 450 40</u>	<u>6 450 40</u>
Total expenditures	<u>169 730 10</u>	<u>25 368 10</u>	<u>195 098 20</u>
Excess (deficiency) of revenues over expenditures	<u>65 748 49</u>	<u>102 941 39</u>	<u>168 689 88</u>
Other financing sources (uses):			
Operating transfers in	112 000 00	7 000 00	119 000 00
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>112 000 00</u>	<u>7 000 00</u>	<u>119 000 00</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	177 748 49	109 941 39	287 689 88
Fund balances, April 1	<u>17 030 96</u>	<u>314 113 75</u>	<u>331 144 71</u>
Fund Balances, March 31	<u><u>194 779 45</u></u>	<u><u>424 055 14</u></u>	<u><u>618 834 59</u></u>

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

COMBINING BALANCE SHEET – ALL DEBT SERVICE FUNDS
March 31, 2007

	<u>1998 G.O. Debt Retirement</u>	<u>1998 S.A. Debt Retirement</u>	<u>1999 G.O. Debt Retirement</u>
<u>Assets</u>			
Cash in bank and investments	36 13	263 094 55	127 91
Special assessments receivable	<u>-</u>	<u>278 441 83</u>	<u>-</u>
Total Assets	<u><u>36 13</u></u>	<u><u>541 536 38</u></u>	<u><u>127 91</u></u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Deferred revenue	<u>-</u>	<u>272 907 94</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>272 907 94</u>	<u>-</u>
Fund balances:			
Reserved for debt retirement	<u>36 13</u>	<u>268 628 44</u>	<u>127 91</u>
Total fund balances	<u>36 13</u>	<u>268 628 44</u>	<u>127 91</u>
Total Liabilities and Fund Balances	<u><u>36 13</u></u>	<u><u>541 536 38</u></u>	<u><u>127 91</u></u>

<u>1999 S.A Debt Retirement</u>	<u>2001 G.O. Debt Retirement</u>	<u>2001 S.A. Debt Retirement</u>	<u>Total</u>
247 190 65	480 00	190 777 20	701 706 44
<u>198 622 11</u>	<u>-</u>	<u>332 469 22</u>	<u>709 533 16</u>
<u>445 812 76</u>	<u>480 00</u>	<u>523 246 42</u>	<u>1 511 239 60</u>
197 955 55	-	331 583 58	802 447 07
<u>197 955 55</u>	<u>-</u>	<u>331 583 58</u>	<u>802 447 07</u>
247 857 21	480 00	191 662 84	708 792 53
<u>247 857 21</u>	<u>480 00</u>	<u>191 662 84</u>	<u>708 792 53</u>
<u>445 812 76</u>	<u>480 00</u>	<u>523 246 42</u>	<u>1 511 239 60</u>

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL DEBT SERVICE FUNDS
Year ended March 31, 2007

	<u>1998 G.O. Debt Retirement</u>	<u>1998 S.A. Debt Retirement</u>	<u>1999 G.O. Debt Retirement</u>
Revenues:			
Interest	-	10 230 52	-
Special assessments	-	54 245 49	-
Total revenues	-	64 476 01	-
Expenditures:			
Debt service:			
Principal	55 000 00	65 000 00	70 000 00
Interest	6 458 75	22 896 25	39 842 50
Fees	300 00	300 00	300 00
Total expenditures	61 758 75	88 196 25	110 142 50
Excess (deficiency) of revenues over expenditures	(61 758 75)	(23 720 24)	(110 142 50)
Other financing sources (uses):			
Operating transfers in	61 708 75	-	109 842 50
Total other financing sources (uses)	61 708 75	-	109 842 50
Excess (deficiency) of revenues and other sources over expenditures and other uses	(50 00)	(23 720 24)	(300 00)
Fund balances, April 1	86 13	292 348 68	427 91
Fund Balances, March 31	36 13	268 628 44	127 91

<u>1999 S.A Debt Retirement</u>	<u>2001 G.O. Debt Retirement</u>	<u>2001 S.A. Debt Retirement</u>	<u>Total</u>
9 954 68	-	8 872 00	29 057 20
<u>42 718 28</u>	<u>-</u>	<u>56 252 75</u>	<u>153 216 52</u>
<u>52 672 96</u>	<u>-</u>	<u>65 124 75</u>	<u>182 273 72</u>
55 000 00	85 000 00	55 000 00	385 000 00
25 018 75	47 582 50	22 822 50	164 621 25
<u>300 00</u>	<u>250 00</u>	<u>250 00</u>	<u>1 700 00</u>
<u>80 318 75</u>	<u>132 832 00</u>	<u>78 072 50</u>	<u>551 321 25</u>
<u>(27 645 79)</u>	<u>(132 832 00)</u>	<u>(12 947 75)</u>	<u>(369 047 53)</u>
<u>-</u>	<u>132 582 50</u>	<u>-</u>	<u>304 133 75</u>
<u>-</u>	<u>132 582 50</u>	<u>-</u>	<u>304 133 75</u>
(27 645 79)	(250 00)	(12 947 75)	(64 913 78)
<u>275 503 00</u>	<u>730 00</u>	<u>204 610 59</u>	<u>773 706 31</u>
<u>247 857 21</u>	<u>480 00</u>	<u>191 662 84</u>	<u>708 792 53</u>

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

BALANCE SHEET – CAPITAL PROJECTS FUND
March 31, 2007

	<u>2006 Construction</u>
<u>Assets</u>	
Cash in bank and investments	<u>2 828 92</u>
Total Assets	<u>2 828 92</u>
<u>Liabilities and Fund Balances</u>	
Liabilities	<u>-</u>
Total liabilities	<u>-</u>
Fund balances:	
Unreserved:	
Undesignated	<u>2 828 92</u>
Total fund balances	<u>2 828 92</u>
Total Liabilities and Fund Balances	<u>2 828 92</u>

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – CAPITAL PROJECTS FUND
March 31, 2007

	<u>2006 Construction</u>
Revenues:	
Charges for service:	
Other	190 986 61
Interest	<u>5 527 69</u>
Total revenues	<u>196 514 30</u>
Expenditures:	
Capital outlay	271 251 26
Debt service	<u>100 905 97</u>
Total expenditures	<u>372 137 23</u>
Excess (deficiency) of revenues over expenditures	<u>(175 642 93)</u>
Other financing sources (uses):	
Operating transfers in	<u>94 399 87</u>
Total other financing sources (uses)	<u>94 399 87</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(81 243 06)
Fund balances, April 1	<u>84 071 98</u>
Fund Balances, March 31	<u><u>2 828 92</u></u>

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

COMBINING BALANCE SHEET – ALL FIDUCIARY FUNDS
March 31, 2007

	<u>Current Tax Collection</u>	<u>Agency</u>	<u>Total</u>
<u>Assets</u>			
Cash in Bank and Investments	<u>15 593 57</u>	<u>1 211 00</u>	<u>16 804 57</u>
<u>Liabilities</u>			
Due to other funds	15 593 57	-	15 593 57
Due to others	<u>-</u>	<u>1 211 00</u>	<u>1 211 00</u>
Total Liabilities	<u>15 593 57</u>	<u>1 211 00</u>	<u>16 804 57</u>

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES –
ALL AGENCY FUNDS
Year ended March 31, 2007

	<u>Balance</u> <u>4/1/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/07</u>
<u>CURRENT TAX COLLECTION FUND</u>				
<u>Assets</u>				
Cash and Investments	<u>20 272 64</u>	<u>6 861 449 04</u>	<u>6 866 128 11</u>	<u>15 593 57</u>
<u>Liabilities</u>				
Due to other funds	12 011 11	500 417 59	496 835 13	15 593 57
Due to others	<u>8 261 53</u>	<u>6 361 031 45</u>	<u>6 369 292 98</u>	<u>-</u>
Total Liabilities	<u>20 272 64</u>	<u>6 861 449 04</u>	<u>6 866 128 11</u>	<u>15 593 57</u>
<u>AGENCY FUND</u>				
<u>Assets</u>				
Cash in Bank	<u>432 00</u>	<u>50 341 96</u>	<u>49 562 96</u>	<u>1 211 00</u>
<u>Liabilities</u>				
Due to other funds	72 00	6 554 97	6 626 97	-
Due to others	<u>360 00</u>	<u>43 786 99</u>	<u>42 935 99</u>	<u>1 211 00</u>
Total Liabilities	<u>432 00</u>	<u>50 341 96</u>	<u>49 562 96</u>	<u>1 211 00</u>
<u>TOTAL – ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and Investments	<u>20 704 64</u>	<u>6 911 791 00</u>	<u>6 915 691 07</u>	<u>16 804 57</u>
<u>Liabilities</u>				
Due to other funds	12 083 11	506 972 56	503 462 10	15 593 57
Due to others	<u>8 621 53</u>	<u>6 404 818 44</u>	<u>6 412 228 97</u>	<u>1 211 00</u>
Total Liabilities	<u>20 704 64</u>	<u>6 911 791 00</u>	<u>6 915 691 07</u>	<u>16 804 57</u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

May 18, 2007

To the Township Board
Charter Township of Tallmadge
Ottawa County, Michigan

We have audited the financial statements of the Charter Township of Tallmadge for the year ended March 31, 2007. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Charter Township of Tallmadge in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board
Charter Township of Tallmadge
Ottawa County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2007.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., PC
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants